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To: michael pancer <mpancer@hotmail.com>

Cc: 'BaRon Lombardo' <baron@babl.com>, bob waters <rjw@mainstreetlaw.net>

Subject: Re: Last days of Bush in office

Date: Tue 11/11/08 11:56 PM

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WASHINGTON (AP) - The Bush administration is moving in its last weeks to finalize regulations to enforce a controversial law that seeks to block Internet gambling. The move is drawing hot protests from Democratic lawmakers and supporters of online betting.

"This midnight rulemaking will tie the hands of the new administration, burden the financial services industry at a time of economic crisis and contradict the stated intent of the Financial Services Committee," the committee's chairman, Rep. Barney Frank, D-Mass., wrote this week to Treasury Secretary Henry Paulson.

Frank asked Paulson to postpone the regulation, which was reviewed by the White House budget office last week, usually a final step before publication in the Federal Register.

White House spokeswoman Dana Perino said in response Tuesday that "no regulations are being rushed. They are all going through the process and getting the full due diligence required." She said she couldn't comment specifically on the Internet gambling rule because it was not yet final.

At issue is a law Congress passed hastily in 2006 when Senate Republicans, pushed by then-Majority Leader Bill Frist, attached it to an unrelated port security bill in a rush of year-end legislation. The law sought to curb online gambling by prohibiting financial institutions from accepting payments from credit cards, checks or electronic fund transfers to settle online wagers.

The result has been a cascade of disputes because the law didn't offer a clear definition of Internet gambling, instead referring to existing federal and state laws which themselves provoke differing interpretations.

Banks, credit unions and others have protested about being put in the position of enforcing an unclear law complicated by the difficulty of determining where payments are going and the fact that online betting businesses can disguise themselves with relative ease.

Officials with the Treasury and Federal Reserve testified before Frank's committee earlier this year that they struggled to write the implementing regulation because of the law's vagueness. The regulation they proposed would require designated payment systems to establish

procedures to identify and prohibit Internet gambling transactions. The regulation doesn't attempt a definition of illegal online gambling.

Frank's committee passed legislation in September to block the regulation and instead require rulemaking to define the term "unlawful Internet gambling."

The bill never passed the House, and the Treasury Department sent over its proposed final rule for review by the White House budget office late last month.

"It is irresponsible for the Bush administration to rush through a fundamentally flawed regulation that even representatives of the Treasury Department and Federal Reserve have stated on record is unworkable," said Jeffrey Sandman, spokesman for the Safe and Secure Internet Gambling Initiative, which represents online gambling groups.

Sandman's group and Democratic lawmakers are also making an issue of the alleged involvement of a former NFL lobbyist, William Wichterman, who was appointed by Bush in April as special assistant to the president and deputy director of public liaison.

Betting on fantasy sports is not viewed by law enforcement as illegal gambling and the NFL has supported Congress' ban. In a letter to the White House counsel last week, Rep. Steve Cohen, D-Tenn., asked for details on Wichterman's involvement in developing the proposed rule and contended that "the appearance of a conflict of interest is undeniable."

Perino said that Wichterman "appropriately sought and received clearance from ethics officers to be able to work on this rule." She declined to comment beyond that.

~~Subject: [REDACTED]~~

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